

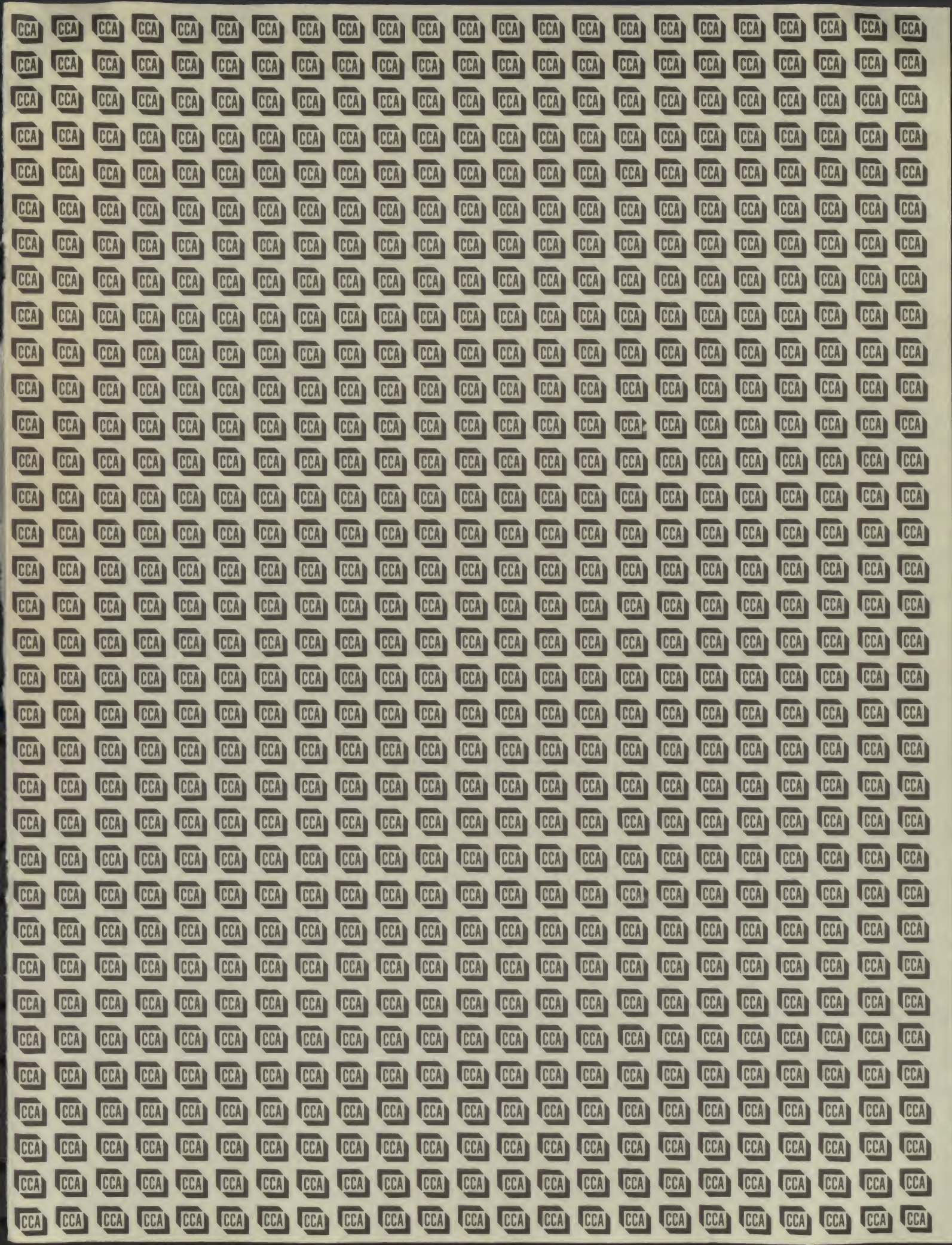
Container Corporation of America

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE



Annual Report 1961





[illegible]

INTRODUCTION

The United States absorbs more than 170 billion paperboard packages yearly — 2½ packages for every man, woman and child—every day of the year. These figures dramatically suggest the size and scope of the paperboard industry.



In its triple role of mover, protector and seller of goods, paperboard packaging has a uniquely close association with the great majority of products manufactured and marketed in the United States. Paperboard packaging accounts for three quarters of all packaging.

The expansion of self-service and automatic merchandising, increased consumer demand for convenience — particularly in food packaging — the rise in individual consumption of packaged products, old and new, are factors which increase both the importance and consumption of paperboard packaging.

Container Corporation is taking advantage of this promising climate for growth with forward planning and decisive action to participate in, and to contribute to that growth.

Among the company's resources are the varied services developed over the years. These are continually being re-emphasized and augmented so as to provide a comprehensive marketing service for the benefit of the customers of Container Corporation in every industry.

In the center of this report, you will see special emphasis given to the various components of this total marketing service: materials, research and development, structure, graphic design, printing and production, machinery and market research.



A GLANCE AT THE LAST TWO YEARS

	1961	1960
Sales	330 098 491	327 262 662
Tons shipped	1 342 231	1 280 722
Earnings	18 298 491*	17 076 427
Per common share	1.68*	1.57
Per cent return on shareholders' investment	12.6	12.4
Dividends paid and declared	9 882 083	10 850 841
Per cent of earnings	54	64
Preferred (per share)	4.00	4.00
Common (per share)	.90	1.00
Earnings retained for requirements of the business	10 310 344	6 225 586
Depreciation and depletion	13 466 980	12 829 059
Plant and paper mill additions and improvements	19 522 047	17 640 918
Working capital (current assets less current liabilities)	39 109 313	36 372 691
Taxes (federal, state, and local)	26 606 381	24 742 746
Per common share	2.48	2.32
Shareholders' investment at year end	156 193 289	145 411 966
Shareholders' investment per employee	8 172	7 832

*Excludes non-recurring earnings of \$1,893,936 or 18¢ per share

MARCH 8, 1962

TO THE SHAREHOLDERS AND EMPLOYEES:

The consolidated earnings including foreign operations for 1961, after all charges, was \$18,298,491 compared with \$17,076,427 the previous year, a gain of 7%. These consolidated earnings represent \$1.68 per common share on 10,710,328 shares, after providing for preferred dividends, and compare with \$1.57 on 10,672,923 shares outstanding the previous year. Not included in the 1961 earnings is a non-recurring item of \$1,893,936 or 18¢ per share made from the sale of U. S. Plywood Corporation common shares. The return on invested capital of \$145,411,966 as of January 1, 1961 was 12.6% compared with 12.4% the previous year. The consolidated sales for 1961 were \$330,098,491, a new record, compared with \$327,262,662 the previous year.



Quarterly earnings per share on the outstanding common stock were:

	1961	1960
1st Quarter	.38	.43
2nd Quarter	.43	.49
3rd Quarter	.38	.39
4th Quarter	.49*	.26*
	1.68	1.57

*The fourth quarter earnings include a year-end adjustment credit of 14 cents per share for 1961 compared with 5 cents for 1960.

Dividends disbursed in 1961 were as follows:

Preferred Stock		Common Stock	
March 1	1.00	February 24	.25
June 1	1.00	May 25	.25
September 1	1.00	August 25	.20
December 1	1.00	November 24	.20
	4.00		.90



The domestic sales were \$263,300,526 compared with \$267,161,711 the previous year, a decline of 1%. The wood products division was sold on May 1. If wood products sales were removed from each year, the domestic sales would show a slight gain in 1961 over the previous year.

The net earnings from domestic operations were \$16,023,491 compared with \$13,605,584 the previous year, a gain of 18%. This improvement resulted from slightly better volume, price increases in some product lines, and the continuing progress in cost reductions in all areas of the business.

Our equity in foreign earnings was \$2,275,000 compared with \$3,470,843 the previous year, a decrease of 34%. At year end we adjusted the foreign earnings to the free rate of exchange in those Latin American countries having an official rate and a free rate of exchange which accounts for a substantial part of the lower earnings for the year.

Record foreign sales were \$66,797,965 in 1961 compared with \$60,100,951 the previous year, an increase of 11%.

Domestic and foreign income taxes totalled \$18,510,000 for the year compared with \$18,335,000 the previous year.

Consolidated selling, administrative and general expenses were \$28,796,541 compared with \$29,475,626 the previous year.

The year's consolidated depreciation of \$12,901,802 was based on the same rates as in previous years. Timber depletion was \$565,178. Repair and maintenance charges were \$18,319,455 compared with \$18,982,334 in the previous year.

WORKING CAPITAL

Working capital was \$39,109,313 at year end compared with \$36,372,691 at the end of 1960, an increase of \$2,736,622.



AN APPLICATION OF FUNDS STATEMENT

Funds were provided from the following sources:

Earnings for the year		18 298 491
Special item		1 893 936
Provision for depreciation and depletion		13 466 980
Proceeds from exercise of stock options		743 877
Total funds provided		34 403 284

Funds were expended for the following:

Plant and equipment—			
Additions and improvements	19 522 047		
Acquisitions	1 251 760		
Less net book value of sales and retirements	1 251 929	19 521 878	
Dividends—			
4% accumulative preferred stock	255 438		
Common stock	9 626 645	9 882 083	
Purchase of preferred stock and sinking fund provision		322 531	
Decrease in long term debt		888 477	
Increase in other assets		1 051 693	31 666 662
Resulting in an increase in working capital of			2 736 622

WORKING CAPITAL. The following tabulation shows changes in working capital:

	December 31		
	1961	1960	Increase or Decrease
CURRENT ASSETS:			
Cash and marketable securities	30 298 826	20 137 820	10 161 006
Accounts receivable	29 314 621	28 119 506	1 195 115
Inventories	30 979 586	32 430 505	1 450 919
Total current assets	90 593 033	80 687 831	9 905 202
CURRENT LIABILITIES:			
Short-term loans and current portion of long-term debt	8 739 256	6 042 147	2 697 109
Accounts payable	11 398 960	8 544 302	2 854 658
Accrued liabilities	13 131 601	12 915 793	215 808
Accrued taxes on income	18 213 903	16 812 898	1 401 005
Total current liabilities	51 483 720	44 315 140	7 168 580
Net working capital	39 109 313	36 372 691	2 736 622



CAPITALIZATION

The outstanding common shares increased 37,405 during the year due to the exercise of stock options resulting in additional working capital of \$743,877.

The net increase in short term and long term debt was \$1,808,632 compared to the previous year and primarily provided funds for foreign expansion. Borrowings were made largely in local currencies.

EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS

The consolidated net earnings for the year of \$18,298,491 and the non-recurring earnings of \$1,893,936 were credited to earnings retained, and the preferred and common dividends of \$9,882,083 were charged to this account; the difference of \$10,310,344 remained as an addition to earnings retained for the requirements of the business.

At the June Meeting of the Board of Directors, the quarterly dividend was reduced from 25¢ to 20¢. At that time selling prices were weakening further after a price reduction in liner board and corrugating medium; some Latin American countries were having difficulty with their currencies, and the general outlook for the year was not encouraging. Greater retained earnings are deemed necessary for the further sound development of the business.

SHAREHOLDERS

Your Company's common shares are owned by individuals residing in each of the 50 states and in 17 foreign countries. At year end there were 17,978 individual shareholders, excluding shares registered in the names of brokers, institutions and corporations. A year ago the comparable number of shareholders was 18,788. The average individual shareholder owned 312 shares. The largest individual or corporate shareholder, other than the Container Common Stock Trust, owned approximately 3% of the outstanding common shares.

OPERATIONS

The following comparative tabulation shows the distribution of your Company's sales dollars.



	1961		1960	
	330 098 491	100.0%	327 262 662	100.0%
Purchased paperboard, waste paper, pulp wood, pulp and other raw materials	113 765 425	34.5	114 456 503	35.0
Labor	66 114 844	20.0	63 571 018	19.4
Factory supplies and expense	61 855 945	18.7	64 540 241	19.7
Provision for depreciation and depletion	13 466 980	4.1	12 829 059	3.9
Selling, administrative, and other expenses (excluding depreciation and taxes)	29 990 425	9.1	30 046 668	9.2
Federal, state and local taxes	26 606 381	8.0	24 742 746	7.6
Dividends	9 882 083	3.0	10 850 841	3.3
Operating earnings retained for requirements of the business	8 416 408	2.6	6 225 586	1.9

CAPITAL EXPENDITURES

Domestic and foreign capital expenditures were \$19,522,047 compared with \$17,640,918 the previous year. On December 31, 1961 the carry over of unexpended capital authorizations was \$18,245,144.

INVESTMENTS

In March, 1961 we acquired the assets of the Plas Tex Company in Los Angeles for \$1,380,222. This expanded our injection molding facilities for specialty plastic products.

On May 1 the Company sold the two remaining wood products plants of its Mengel Division to Mengel Wood Industries, Inc. a new corporation organized by the former management of these plants. The two plants had an annual sales volume of \$7,000,000. The



proceeds of this sale amounted to \$2,187,525 of which \$1,187,525 was received in cash and \$1,000,000 in preferred stock of the new corporation.

In June, 1961 the company sold 85,509 shares of U.S. Plywood Corporation stock acquired through the merger of the Mengel Company. After writing off \$1,133,505 of goodwill in the Mengel Company, the non-recurring earnings after taxes on the sale of this stock amounted to \$1,893,936 or 18¢ per share and is reported separately from the operating earnings for the year. This completed the disposition of Mengel wood operations and investments which are not associated with the paperboard packaging industry.

PRODUCTION

The following ten-year tabulation is a comparison of tons of paperboard produced in your Company's mills and tons of finished product shipped, including foreign operations in all years.

	TONS PRODUCED IN MILLS	TONS FINISHED PRODUCT SHIPPED
1952	695 212	845 316
1953	717 591	868 881
1954	731 897	835 369
1955	828 458	1 026 156
1956	858 847	1 085 941
1957	893 583	1 036 534
1958	1 072 504	1 124 368
1959	1 201 953	1 244 605
1960	1 219 602	1 280 722
1961	1 278 042	1 342 231

REFORESTATION

Your Company controlled through fee simple ownership, long term lease, or timber rights, a combined total of 401,793 acres of timberlands, an increase of 28,980 acres over 1960.

Management of Company lands included planting with genetically superior seedlings. In addition, our free seedling and cooperative management programs resulted in extensive planting by local private landowners and youth organizations.

Research is continuing toward improving timber growth through insect, fire, and disease control, and better planting methods.

SALES

Consolidated sales for 1961 were \$330,098,491 compared to \$327,262,662 the previous year. This is a new record of total sales. The tabulation immediately below shows the distribution of the sales dollar by commodity classification.

Corrugated and solid fibre shipping containers	159 968 044	48%
Folding cartons, fibre cans and plastic products	109 863 022	33
Paperboard, pulp, waste paper and other	60 267 425	19
Total sales	330 098 491	100

RESEARCH AND SALES DEVELOPMENT

Our research and marketing center at Valley Forge, Pennsylvania continued to expand its activities in the development of effective packages for the consumer market.

One of our most significant developments of the past year has been the introduction of paperboard in combination with plastic and other functional materials for packaging liquids. The Container Division has produced a plastic bag-in-box combination for the marketing of liquid dairy products and water for institutional and home use. The Sefton Fibre Can Division has developed a foil lined and laminated fibre can for motor oil. In addition, the Folding Carton Research Laboratories are perfecting new techniques and new packages for other liquid products. These developments are part of your company's





program to find new combinations of paperboard, coatings, and laminants for use in the packaging of products not formerly packaged in paperboard.

Emphasis is being placed on the development of packages which provide more convenience for the consumer. The company's new top-opening ice cream package is an example of this consumer-oriented approach to packaging.

Another new package has been developed for the multiple packaging of beer and other beverages. This development is an extension of our pioneering effort in the multiple packaging of many products.

The frozen food industry will benefit from new developments which will reduce the cost and increase the marketing effectiveness of products in this category.

The plastics division has made progress in the development of new molding techniques for the production of plastic packages.

Your company has continued its program of presenting marketing information to the management of customer companies through its sponsorship of a marketing seminar held in New York City. Distinguished marketing executives representing several industries formed the panel for the discussion of this important subject.

INDUSTRY CONDITIONS

The domestic paperboard industry operated at 91% of capacity compared to 89% a year ago. The total production of 16,654,936 tons of paperboard was a new record and 4% more than the previous high of 16,034,422 tons in 1959.

Price increases were made in the late third and fourth quarter in some products. However, in the general price structure, the serious problem remains to reflect cost increases incurred in recent years.

EMPLOYEE RELATIONS

Negotiations were satisfactorily carried on during the year, without work stoppages, with 107 bargaining units represented by 18 International Unions.



MATERIALS—their production, selection and application—influence the quality of the finished package more than any other factor. This, in turn, contributes significantly to the marketing effectiveness of the product. A full range of quality materials for packaging is assured by Container Corporation's own paperboard mills. Supported by the finest equipment and most advanced techniques, CCA craftsmen turn trees and paper stock into vital paperboard. Manufactured to precise specifications, it rolls day and night from mills to fabricating plants in a steady, dependable stream.



RESEARCH AND DEVELOPMENT With packaging, as with products to be packaged, the ability to stay ahead is largely determined by the ability to look ahead. The intelligent look ahead at Container Corporation is fostered by formal development carried on constantly at four well-staffed and equipped research centers: in Chicago for corrugated and solid fibre products; in St. Louis, Missouri, for Sefton fibre cans; at Valley Forge, Pennsylvania, for folding cartons and paperboard; and near Valley Forge for the study and development of new packages and fabricating techniques in plastics. These research and development facilities are available to our customers as a source for the solution of packaging and marketing problems.



STRUCTURE The structural plan of the package represents optimum efficiency at a practical cost. How is the product put into the package? How is it transported? Is it threatened by mishandling or extremes of weather? Must the package function other than as a container—as a dispenser, perhaps, or a traveling advertisement for its contents? Can the package make the product more convenient—easier for the customer to use? CCA structural designers at every fabricating plant answer such questions in terms of appropriate materials, constructions, and adaptability to packaging machinery.



GRAPHIC DESIGN In the power of its design lies the selling power of the package. CCA has long been a leader in scientific testing of packaging. In our Design Laboratories, we use extensive testing facilities to evaluate consumer perception of and response to color, type, illustration, and overall design—all key factors in sales. Container Corporation's careful and thorough attention to the concept and techniques of graphic design delivers a more effective package at the point of purchase.



Superior results are the reward of meticulous follow-through on careful planning. Each individual package, though custom-designed to meet the needs of its contents, must be mass-produced with precision to meet the requirements of high speed automatic packaging machines and multiple marketing conditions. Container Corporation is the world's largest producer of paperboard packages . . . the world's largest industrial printer. The volume of Container Corporation's output has created an unmatched experience which is reflected in the consistently outstanding quality of our packaging.

PRINTING AND PRODUCTION



Packaging at the pace of production, whatever the pace, whatever the product, is the contribution of the automatic packaging machine. Cost-saving automated packaging lines in many industries have grown out of a close collaboration with Container Corporation. Our machinery development experts, working with our customers and with manufacturers of automatic equipment, create new machines or modify existing ones to set up, fill and close the desired package smoothly, quickly, surely.

MACHINERY



MARKET RESEARCH To speed the marketing cycle from the point of production to the decisive moment of purchase, Container Corporation's constant research and experimentation employs every marketing technique from package surveys to consumer panels (including a basic group of 10,000 men and women in Park Forest, Illinois). These modern marketing techniques, applied to solving packaging problems, have proved invaluable in creating dynamic, sales-increasing packages.

DOMESTIC PLANTS FOLDING CARTON

Boston, Mass.
Chattanooga, Tenn.
Chicago, Ill.—Lake Shore
Chicago, Ill.—35th Street
Dallas/Fort Worth, Texas
Fort Wayne, Ind.
Greensboro, N. C.
Los Angeles, Calif.
Philadelphia, Pa.
Renton, Wash.
Santa Clara, Calif.
Solon, Ohio
Valley Forge, Pa.

SHIPPING CONTAINER

Anderson, Ind.
Baltimore, Md.
Boston, Mass.
Chattanooga, Tenn.
Chicago, Ill.
Cincinnati, Ohio
Dolton, Ill.
Fernandina, Fla.
Fort Worth, Texas
Fresno, Calif.
Fulton, N. Y.

Houston, Texas
Knoxville, Tenn.
Lexington, Ky.
Los Angeles, Calif.
Louisville, Ky.
Memphis, Tenn.
Muskogee, Okla.
Nashville, Tenn.
New Brunswick, N. J.
Oakland, Calif.
Philadelphia, Pa.
Portland, Ore.
Rock Island, Ill.
Seattle, Wash.
Sioux City, Iowa
Winston-Salem, N. C.

PAPER STOCK

Baltimore, Md.
Chicago, Ill.
Detroit, Mich.
Kalamazoo, Mich.
Los Angeles, Calif.
Philadelphia, Pa.

FIBRE CAN

Jeffersonville, Ind.

Los Angeles, Calif.
New Orleans, La.
Piqua, Ohio
Portland, Ore.
St. Louis, Mo.

PLASTICS

Chicago, Ill.
Los Angeles, Calif.
Totowa, N. J.

MILLS

Brewton, Ala.
Carthage, Ind.
Chattanooga, Tenn.
Chicago, Ill.—Lake Shore
Chicago, Ill.—Ogden
Cincinnati, Ohio
Circleville, Ohio
Fernandina, Fla.
Los Angeles, Calif.
Noblesville, Ind.
Philadelphia, Pa.
Santa Clara, Calif.
Tacoma, Wash.
Wabash, Ind.
Wilmington, Del.



LATIN AMERICAN PLANTS FOLDING CARTON

Mexico City, Mexico
Cali, Colombia
Caracas, Venezuela
Valencia, Venezuela

MILLS

Mexico City, Mexico (2)
Cali, Colombia
Caracas, Venezuela
Valencia, Venezuela

PAPER STOCK

Mexico City, Mexico
Barranquilla, Colombia
Bogota, Colombia
Cali, Colombia
Medellin, Colombia
Caracas, Venezuela
Maracay, Venezuela

FIBRE CAN

Mexico City, Mexico
Cali, Colombia

SHIPPING CONTAINER

Barranquilla, Colombia
Bogota, Colombia
Cali, Colombia
Medellin, Colombia
Mexico City, Mexico
Caracas, Venezuela
Maracay, Venezuela
Maracaibo, Venezuela

BAGS

Cali, Colombia



EUROPEAN PLANTS FOLDING CARTON

Augsburg, West Germany
Bremen, West Germany
Hamburg, West Germany
Orsenigo (Milan), Italy
Vienna, Austria

PAPER STOCK

Hamburg, West Germany

MILLS

Lubbecke, West Germany
Alling, West Germany
Hoya, West Germany
Viersen, West Germany
Isoletta, Italy
Milan, Italy

FIBRE CAN

Orsenigo (Milan), Italy

SHIPPING CONTAINER

Lubbecke, West Germany
Dusseldorf, West Germany
Hamburg, West Germany
Nürnberg, West Germany
Zwiesel, West Germany
Novi Ligure, Italy
Soest, Netherlands



As of the end of the year 19,114 men and women were in the employ of the company and its foreign subsidiaries.

The 133 employees who were serving in the Armed Forces of the country were sent a Christmas check.

SAFETY—There was increased interest and activity in the company's safety program. Ten plants and eight truck fleets ended the year without a chargeable lost time accident.

PENSION—Since the original plans were instituted 1,315 employees have received pensions and 834 employees or their joint annuitants were receiving pensions on December 31, 1961.

MANAGEMENT PROFIT SHARING PLAN

The non-participating Directors responsible for the determination of payments under this plan approved an amount of \$268,115 to 70 participants. This compares with \$274,140 in the previous year to 64 participants.

STOCK OPTION PLAN

At the beginning of the year—515,479 shares were under option to 278 individuals. 37,405 were exercised and issued, and 7,780 were cancelled during 1961. The privilege to grant options expired on January 1, 1961. At year end 470,294 shares remained under option to 259 individuals.

STOCK BONUS PLAN

For 1961, the company contributed \$1,749,085 to the plan for the benefit of 1,947 employee members. The Fund owned 581,484 shares at the end of the year, which was approximately 5.4% of the outstanding shares of the common stock of the Company.

THE CONCORRA FOUNDATION

The Foundation was established in 1951 as a non-profit corporation to aid charitable, scientific and educational institutions. The Company made no contribution to the Foundation during 1961. At year end, the book value of its assets stood at \$1,367,939. Concorra's



grants of \$344,798 in 1961 were divided 58% to education, 37% to charitable organizations, and 5% to scientific and cultural organizations.

ORGANIZATION

At the April 25, 1961 Board of Directors Meeting, Wesley M. Dixon was elected Chairman of the Board and Chief Executive Officer. John V. Spachner was elected Vice Chairman of the Board. Leo H. Schoenhofen was elected President.

At the December 15, 1961 Board of Directors Meeting, Leo H. Schoenhofen was designated Chief Executive Officer and the following officers were elected:

Frederick S. Crysler, Executive Vice President
Thomas F. Cass, Executive Vice President
Harry E. Miles, Senior Vice President
Henry G. Van der Eb, Senior Vice President
Carl M. Blumenschein, Senior Vice President and Controller
Paul W. Guenzel, Vice President and Treasurer

On December 31, 1961, Ralph E. White, Vice President, Lyman Martin, President of the Mengel Division, and Wells Covington, Vice President of the Mengel Division retired from active service after many years of loyal and faithful service.

On behalf of the Board of Directors and the Senior Management, we extend our appreciation to all members of the organization here and abroad for the progress made during the year.

CHAIRMAN OF THE BOARD

VICE CHAIRMAN OF THE BOARD

PRESIDENT

The Annual Meeting of the shareholders will be held on Tuesday, April 24, 1962. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to shareholders on or about March 28, 1962, at which time proxies will be requested by the management.

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES
COMPARATIVE CONSOLIDATED BALANCE SHEETS—DECEMBER 31, 1961 AND 1960

ASSETS	1961	1960		
CURRENT ASSETS:				
Cash	\$ 11 167 804	\$ 11 845 348		
Marketable securities	19 131 022	8 292 472		
Receivables, less reserves	29 314 621	28 119 506		
Inventories of finished goods, work in process, raw materials and supplies— priced at the lower of average cost or market	30 979 586	32 430 505		
Total current assets	90 593 033	80 687 831		
INVESTMENTS AND ADVANCES, at cost	3 330 769	2 868 535		
PLANT AND EQUIPMENT, at cost (including properties acquired for capital stock):				
	Gross	Reserves		
Land and timberland, less depletion	14 281 656	—	14 281 656	12 182 443
Buildings	53 537 900	17 156 913	36 380 987	34 077 649
Machinery, equipment, etc.	194 322 516	88 259 564	106 062 952	104 410 605
	262 142 072	105 416 477	156 725 595	150 670 697
PREPAID AND DEFERRED CHARGES	6 754 162	5 767 804		
	\$257 403 559	\$239 994 867		
LIABILITIES				
CURRENT LIABILITIES:				
Short-term loans and current portion of long-term debt	\$ 8 739 256	\$ 6 042 147		
Accounts payable	11 398 960	8 544 302		
Accrued liabilities	13 131 601	12 915 793		
Accrued taxes on income	18 213 903	16 812 898		
Total current liabilities	51 483 720	44 315 140		
LONG-TERM DEBT:				
3.30% sinking fund debentures, due July 1, 1980, less current portion	31 359 000	33 600 000		
Other	11 331 895	9 979 372		
	42 690 895	43 579 372		
MINORITY INTEREST IN SUBSIDIARY COMPANIES	7 035 655	6 688 389		
CAPITAL:				
4% cumulative preferred stock, \$100 par value; authorized and issued 67,000 shares at December 31, 1961	6 700 000	7 000 000		
Common stock, \$5 par value; authorized 15,000,000 shares, issued 10,710,328 shares at December 31, 1961 (Note 1)	53 551 640	53 364 615		
Shareholders' investment in excess of par value (Note 1)	3 009 888	2 403 403		
Earnings retained for requirements of the business (Note 2)	93 523 539	83 213 195		
Deduct—Cost of 4% cumulative preferred stock held in treasury and provision for sinking fund on preferred stock; 4,458 shares and \$156,513 at December 31, 1961	591 778	569 247		
	156 193 289	145 411 966		
	\$257 403 559	\$239 994 867		

Notes to Financial Statements

(1) Under the stock option plan for officers and key employees, options for the purchase of 470,294 shares at prices ranging from \$18.19 to \$27.88 per share were outstanding at December 31, 1961. Of the total, 401,954 shares were exercisable at December 31, 1961, and the remainder become exercisable during the period from 1962 to 1965. Unexercised options expire by 1970. Options for 37,405 shares were exercised in 1961. The increase in shareholders' investment in excess of par value during 1961 includes \$556,852 representing the excess of proceeds over par value of these shares and \$49,633 from purchases of preferred stock for sinking fund at less than par value.

(2) Under terms of the debenture indenture and other restrictions, approximately \$47,500,000 of the consolidated earnings retained at December 31, 1961, was restricted as to dividends on and acquisitions of capital stock.





CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES
COMPARATIVE STATEMENTS OF CONSOLIDATED INCOME
FOR THE YEARS ENDED DECEMBER 31, 1961 AND 1960

	1961	1960
NET SALES	\$330 098 491	\$327 262 662
COST OF SALES	262 412 297	260 954 256
Gross income from operations	67 686 194	66 308 406
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES	28 796 541	29 475 626
Income from operations (after depreciation and depletion provisions of \$13,466,980 in 1961 and \$12,829,059 in 1960)	38 889 653	36 832 780
OTHER DEDUCTIONS, net	2 081 162	1 421 353
Balance before taxes on income	36 808 491	35 411 427
PROVISION FOR TAXES ON INCOME	18 510 000	18 335 000
Net income for the year	18 298 491	17 076 427
SPECIAL ITEM: Gain on sale of U. S. Plywood Corporation common stock, less related Federal income taxes	1 893 936	
Net income and special item	\$ 20 192 427	\$ 17 076 427

STATEMENT OF CONSOLIDATED EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS
FOR THE YEARS ENDED DECEMBER 31, 1961 AND 1960

	1961	1960
Balance beginning of year	\$83 213 195	\$76 987 609
Net income for the year	18 298 491	17 076 427
Special item	1 893 936	
Cash dividends:		
Preferred stock (\$4.00 per share)	255 438	270 428
Common stock (\$.90 per share in 1961 and \$1.00 in 1960)	9 626 645	10 580 413
Balance end of year (Note 2 preceding page)	\$93 523 539	\$83 213 195

ARTHUR ANDERSEN & CO., 120 South La Salle Street, Chicago 3

To the Shareholders of Container Corporation of America:

We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries as of December 31, 1961, and the related statements of consolidated income and consolidated earnings retained for requirements of the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had made a similar examination for the previous year. Financial statements of certain subsidiaries included in the consolidated statements were not examined by us, but we were furnished with reports of other auditors thereon.

In our opinion, based upon our examination and upon the reports of other auditors referred to above, the accompanying consolidated balance sheet and related statements of consolidated income and consolidated earnings retained for requirements of the business present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1961, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a consistent basis.

Chicago, Illinois, February 5, 1962

ARTHUR ANDERSEN & CO.

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES
DOMESTIC AND FOREIGN INCOME ACCOUNTS FOR THE YEARS 1961 AND 1960 (In thousands of dollars)

	Consolidated		Domestic		Foreign	
	1961	1960	1961	1960	1961	1960
Net sales	330 098	327 262	263 300	267 162	66 798	60 100
Cost of sales	262 412	260 954	208 487	212 529	53 925	48 425
Gross income from operations	67 686	66 308	54 813	54 633	12 873	11 675
Selling, administrative and general expenses	28 796	29 476	23 486	25 681	5 310	3 795
Income from operations	38 890	36 832	31 327	28 952	7 563	7 880
Other income, deductions, net	1 170	230	416	21	1 586*	251
Balance before taxes on income	37 720	36 602	31 743	28 973	5 977	7 629
Provision for taxes on income	18 510	18 335	15 720	15 325	2 790	3 010
Income before minority interest	19 210	18 267	16 023	13 648	3 187	4 619
Minority interest	912	1 191	—	42	912	1 149
Net income for the year	18 298	17 076	16 023	13 606	2 275	3 470
Special item	1 894	—	1 894	—	—	—
Net income and special item	20 192	17 076	17 917	13 606	2 275	3 470

*Includes \$1,096,000 net loss resulting from use of free rate for conversion of foreign currencies.

DOMESTIC AND FOREIGN NET ASSETS—DECEMBER 31, 1961 AND 1960 (In thousands of dollars)

Current assets:						
Cash and marketable securities	30 299	20 138	25 924	15 440	4 375	4 698
Receivables, less reserves	29 315	28 119	20 478	18 792	8 837	9 327
Inventories	30 979	32 431	21 749	23 818	9 230	8 613
Total current assets	90 593	80 688	68 151	58 050	22 442	22 638
Investments and advances	3 331	2 868	1 947	2 085	1 384	783
Plant and equipment, less reserves	156 726	150 671	109 489	108 770	47 237	41 901
Prepaid and deferred charges	6 754	5 768	5 321	5 078	1 433	690
Total assets	257 404	239 995	184 908	173 983	72 496	66 012
Current liabilities:						
Short-term loans and current portion of long-term debt	8 739	6 042	163	406	8 576	5 636
Accounts payable	11 399	8 544	7 380	4 362	4 019	4 182
Accrued liabilities	13 132	12 916	10 991	10 668	2 141	2 248
Accrued taxes on income	18 214	16 813	15 598	13 759	2 616	3 054
Total current liabilities	51 484	44 315	34 132	29 195	17 352	15 120
Long-term debt	42 691	43 579	33 159	33 600	9 532	9 979
Total liabilities	94 175	87 894	67 291	62 795	26 884	25 099
Total net assets	163 229	152 101	117 617	111 188	45 612	40 913
Minority interest	7 036	6 689	—	—	7 036	6 689
Company interest	156 193	145 412	117 617	111 188	38 576	34 224





CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES CONSOLIDATED
EARNINGS STATEMENTS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1961

	1961†	1960†	1959†	1958†	1957
Sales	330 098 491	327 262 662	322 286 816	289 600 173	256 115 744
Cost of sales	262 412 297	260 954 256	255 217 984	234 161 823	205 420 783
Gross earnings	67 686 194	66 308 406	67 068 832	55 438 350	50 694 961
Selling, administrative, and general expenses	28 796 541	29 475 626	26 605 162	23 859 061	21 467 727
Earnings from operations	38 889 653	36 832 780	40 463 670	31 579 289	29 227 234
Other income, deductions , net	2 081 162	1 421 353	1 059 890	398 795	562 458
Earnings before taxes on income	36 808 491	35 411 427	39 403 780	31 180 494	29 789 692
Provision for taxes on income	18 510 000	18 335 000	19 765 000	16 100 000	15 200 000
Net earnings for the year	18 298 491*	17 076 427	19 638 780	15 080 494	14 589 692
Depreciation and depletion	13 466 980	12 829 059	11 703 336	10 741 425	6 756 037
Earnings per share of common stock	1.68*	1.57	1.83	1.41	1.36
Return on shareholders' investment	12.6%	12.4%	15.4%	12.2%	12.6%

RECORD OF DIVIDENDS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1961

Dividends:					
Preferred stock	255 438	270 428	275 988	287 658	291 848
Common stock	9 626 645	10 580 413	10 532 033	10 509 490	10 508 892
Total dividends	9 882 083	10 850 841	10 808 021	10 797 148	10 800 740
Dividends per share:					
Preferred stock	4.00	4.00	4.00	4.00	4.00
Common stock	.90	1.00	1.00	1.00	1.00

†Includes foreign subsidiaries

*Excludes non-recurring earnings of \$1,893,936 or 18¢ per share



1956	1955	1954	1953	1952	1951	1950	TOTAL
276 008 765	258 463 036	186 595 052	187 552 652	178 408 152	212 562 019	154 841 198	2 979 794 760
217 184 897	203 429 246	145 808 593	147 939 847	137 282 965	165 327 034	123 873 851	2 359 013 576
58 823 868	55 033 790	40 786 459	39 612 805	41 125 187	47 234 985	30 967 347	620 781 184
21 947 478	20 517 129	12 919 120	12 252 693	11 632 175	10 901 566	8 922 520	229 296 798
36 876 390	34 516 661	27 867 339	27 360 112	29 493 012	36 333 419	22 044 827	391 484 386
1 054 529	494 830	1 136 893	812 836	889 936	782 578	651 799	1 424 659
37 930 919	35 011 491	29 004 232	28 172 948	30 382 948	37 115 997	22 696 626	392 909 045
19 700 000	18 600 000	15 400 000	18 045 000	20 100 000	25 050 000	10 680 000	215 485 000
18 230 919	16 411 491	13 604 232	10 127 948	10 282 948	12 065 997	12 016 626	177 424 045
6 059 624	5 686 373	4 109 753	3 930 557	3 668 041	3 543 809	3 045 298	85 540 292
1.71	1.59	1.33	.99	1.00	1.18	1.17	
18.3%	18.4%	16.6%	13.0%	14.0%	17.8%	19.5%	

310 618	337 008	349 235	358 800	365 840	366 050	390 720	3 859 631
8 456 860	7 487 355	6 219 863	5 447 607	5 447 607	5 447 607	5 447 607	95 711 979
8 767 478	7 824 363	6 569 098	5 806 407	5 813 447	5 813 657	5 838 327	99 571 610
4.00	4.00	4.00	4.00	4.00	4.00	4.00	
.81¼	.75	.62½	.55	.55	.55	.55	



CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES CONSOLIDATED

YEAR-END BALANCE SHEETS FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1961

ASSETS

	1961†	1960†	1959†	1958†	1957
Cash and marketable securities	30 298 826	20 137 820	16 424 762	19 004 970	15 604 805
Receivables, less reserves	29 314 621	28 119 506	24 556 786	22 642 561	15 599 817
Inventories	30 979 586	32 430 505	31 725 278	29 680 189	24 232 585
Total current assets	90 593 033	80 687 831	72 706 826	71 327 720	55 437 207
Cash and securities set aside for additions and improvements	—	—	—	—	—
Investments and advances	3 330 769	2 868 535	5 067 287	2 496 298	12 912 733
Land and timberland	14 281 656	12 182 443	10 720 717	10 622 288	8 926 758
Buildings, machinery and equipment	247 860 416	233 653 779	215 251 831	200 526 742	159 783 974
Reserves for depreciation	105 416 477	95 165 525	84 042 578	74 365 399	62 835 598
Deferred charges	6 754 162	5 767 804	6 406 894	6 269 613	5 310 539
	257 403 559	239 994 867	226 110 977	216 877 262	179 535 613

LIABILITIES

Short-term loans and current portion of long-term debt	8 739 256	6 042 147	8 246 083	15 020 307	—
Accounts payable	11 398 960	8 544 302	8 485 052	6 930 220	3 093 604
Accrued liabilities	13 131 601	12 915 793	11 551 120	11 641 226	9 412 407
Accrued taxes on income	18 213 903*	16 812 898*	14 767 996*	12 931 885*	11 591 802*
Total current liabilities	51 483 720	44 315 140	43 050 251	46 523 638	24 097 813
3.3% Debentures, due July 1, 1980	31 359 000	33 600 000	34 947 000	35 000 000	35 000 000
Long-term debt	11 331 895	9 979 372	4 112 010	1 258 718	550 000
Minority interest in subsidiary companies	7 035 655	6 688 389	6 816 429	6 307 946	666 315
Capital:					
Preferred stock	6 700 000	7 000 000	7 300 000	7 300 000	7 300 000
Common stock	53 551 640	53 364 615	52 778 140	52 564 320	52 544 460
Investment in excess of par value	3 009 888	2 403 403	686 547	59 256	—
Earnings retained	93 523 539	83 213 195	76 987 609	68 156 850	59 380 519
Sinking fund for retirement of preferred stock	591 778	569 247	567 009	293 466	3 494
	257 403 559	239 994 867	226 110 977	216 877 262	179 535 613
*Accrued taxes on income	18 213 903	16 812 898	14 767 996	12 931 885	12 851 735
Less U. S. Government Securities	—	—	—	—	1 259 933
Shareholders' investment	156 193 289	145 411 966	137 185 287	127 786 960	119 221 485
Investment per common share	14.01	13.02	12.36	11.49	10.65
Working capital	39 109 313	36 372 691	29 656 575	24 804 082	31 339 394
Current ratio	1.76 to 1	1.82 to 1	1.69 to 1	1.53 to 1	2.30 to 1

†Includes foreign subsidiaries



1956	1955	1954	1953	1952	1951	1950
17 093 285	18 219 191	10 778 656	15 796 013	15 200 591	10 268 094	7 456 055
15 078 480	14 634 476	8 941 532	7 503 418	8 619 054	8 559 391	9 733 435
22 251 600	23 521 692	13 790 287	10 261 548	12 100 069	11 688 373	11 924 620
54 423 365	56 375 359	33 510 475	33 560 979	35 919 714	30 515 858	29 114 110
16 754 049	25 000 000	1 318 239	5 514 683	428 552	3 007 331	3 500 000
12 063 095	7 058 048	11 789 380	2 565 548	1 715 726	1 661 084	1 286 187
8 435 776	8 701 525	5 636 888	4 420 563	4 350 340	4 605 894	4 598 890
125 651 035	109 288 928	85 637 663	77 883 526	74 917 962	69 663 809	63 186 670
58 086 495	55 653 970	42 181 270	38 385 114	35 254 114	31 781 821	28 681 919
3 803 556	3 713 004	2 621 105	1 880 218	2 712 524	1 754 187	1 121 377
163 044 381	154 482 894	98 332 480	87 440 403	84 790 704	79 426 342	74 125 315
—	—	—	—	—	—	—
2 374 542	3 589 592	2 389 886	1 350 227	2 016 989	1 580 387	3 060 885
8 847 095	8 242 302	6 560 388	4 349 946	5 054 486	4 292 057	3 459 188
—*	578 438*	—*	—*	—*	—*	—*
11 221 637	12 410 332	8 950 274	5 700 173	7 071 475	5 872 444	6 520 073
35 000 000	35 000 000	—	—	—	—	—
700 000	850 000	—	—	—	—	—
645 402	6 782 155	—	—	—	—	—
8 200 000	8 500 000	8 800 000	9 100 000	9 400 000	9 400 000	10 000 000
52 544 460	25 224 510	24 957 850	19 809 480	19 809 480	19 809 480	19 809 480
—	19 913 890	18 409 927	3 829 851	3 829 851	3 829 851	3 829 851
55 591 567	46 409 690	37 822 562	49 606 434	45 284 893	40 815 392	34 563 052
858 685	607 683	608 133	605 535	604 995	300 825	597 141
163 044 381	154 482 894	98 332 480	87 440 403	84 790 704	79 426 342	74 125 315
17 362 662	19 115 484	16 935 190	21 086 718	22 435 957	27 090 251	12 585 392
17 362 662	18 537 046	16 935 190	21 086 718	22 435 957	27 090 251	12 585 392
115 477 342	99 440 407	89 382 206	81 740 230	77 719 229	73 553 898	67 605 242
10.29	9.07	8.13	7.40	6.96	6.51	5.88
43 201 728	43 965 027	24 560 201	27 860 806	28 848 239	24 643 414	22 594 037
4.85 to 1	4.54 to 1	3.74 to 1	5.89 to 1	5.08 to 1	5.20 to 1	4.47 to 1



CONTAINER CORPORATION OF AMERICA
38 SOUTH DEARBORN STREET, CHICAGO 3

DIRECTORS

JOHN E. BIERWIRTH, New York, New York
WESLEY M. DIXON, Chicago, Illinois
JOHN L. DOLE, Chicago, Illinois
GAYLORD A. FREEMAN, JR., Chicago, Illinois
ALBERT H. GORDON, New York, New York
ROBERT S. INGERSOLL, Chicago, Illinois
RICHARD G. IVEY, London, Ontario, Canada
JOHN F. MERRIAM, Omaha, Nebraska
LEO H. SCHOENHOFEN, Chicago, Illinois
JOHN V. SPACHNER, Chicago, Illinois

EXECUTIVE COMMITTEE

JOHN E. BIERWIRTH
WESLEY M. DIXON
GAYLORD A. FREEMAN, JR.
ALBERT H. GORDON
RICHARD G. IVEY
LEO H. SCHOENHOFEN
JOHN V. SPACHNER

OFFICERS

WESLEY M. DIXON, Chairman of the Board
JOHN V. SPACHNER, Vice Chairman of the Board
LEO H. SCHOENHOFEN, President
THOMAS F. CASS, Executive Vice President
FREDERICK S. CRYSLER, Executive Vice President
CARL M. BLUMENSCHIN, Senior Vice President and Controller
HARRY E. MILES, Senior Vice President
HENRY G. VAN DER EB, Senior Vice President
HARRY E. GREEN, Vice President and General Counsel
PAUL W. GUENZEL, Vice President and Treasurer
LAURENCE A. COMBS, Vice President
WILLIAM P. HOOKER, Vice President
JOHN G. ROBINSON, Vice President
PAUL E. SIGLER, Vice President
RALPH E. WHITE, Vice President*
EDWARD K. MEIER, Secretary

TRANSFER AGENTS

HARRIS TRUST AND SAVINGS BANK, Chicago, Illinois
FIRST NATIONAL CITY TRUST COMPANY, New York, New York

REGISTRARS

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY, Chicago, Illinois
CHEMICAL BANK NEW YORK TRUST COMPANY, New York, New York

*Retired December 31, 1961

[illegible]

